

The Kansas City Southern Railway Company  
Louisiana & Arkansas Railway Company

301 West 11th Street, Kansas City, Missouri 64105

RICHARD P. BRUENING  
General Counsel

MAY 28 1981 - 12 35 PM

Hon. Agatha Mergenovich  
Secretary  
Interstate Commerce Commission  
Washington, DC 20423

MAY 28 1981 - 12 35 PM

INTERSTATE COMMERCE COMMISSION  
May 27, 1981

RE: Amendment to Lease No. 1000 dated as of May 1, 1981, among Carland, Inc. The Kansas City Southern Railway Company and Louisiana & Arkansas Railway Company, Security Agreement and Assignment dated as of May 1, 1981, between Carland, Inc. and City Bank & Trust Company, and Consent and Agreement, dated as of May 1, 1981, among The Kansas City Southern Railway Company, Louisiana & Arkansas Railway Company and City Bank & Trust Company

RECEIVED  
MAY 28 12 29 PM '81

FILE OPERATION BR.  
I.C.C.

1-1488093  
MAY 28 1981  
Date  
Fee \$ 30.00  
ICC Washington, D. C.

Ms. Mergenovich:

Pursuant to Section 11303 of the Interstate Commerce Act, and the Commission Rules and Regulations promulgated thereunder The Kansas City Southern Railway Company and Louisiana & Arkansas Railway Company transmit herewith 9 copies each of the above mentioned Amendment to Lease No. 1000 (the "Lease Amendment"), Security Agreement and Assignment (the "Assignment") and Consent and Agreement (the "Consent") for filing and recording with the Interstate Commerce Commission. These documents are amendments to Lease No. 1000 and the Assignment thereof previously filed with the Commission on June 4, 1980, under recordation No. 11873, and the Consent filed with the Commission on June 18, 1980 under Recordation No. 11873-A..

The names and addresses of the parties to the Lease Amendment are:

Lessor: Carland, Inc.  
4200 West 83rd Street  
Shawnee Mission, KS 66208

Lessees: The Kansas City Southern Railway Company  
114 West 11th Street  
Kansas City, MO 64105

Louisiana & Arkansas Railway Company  
114 West 11th Street  
Kansas City, MO 64105

Sullivan + Worcester  
C. A. Sullivan

The names and addresses of the parties to the Assignment are:

Assignor: Carland, Inc.  
4200 West 83rd Street  
Shawnee Mission, KS 66208

Assignee: City Bank & Trust Company of Kansas City, Mo.  
2401 Grand Avenue  
Kansas City, MO 64108

The names and addresses of the parties to the Consent are:

1. The Kansas City Southern Railway Company  
114 West 11th Street  
Kansas City, MO 64105  
  
Louisiana & Arkansas Railway Company  
114 West 11th Street  
Kansas City, MO 64105
2. City Bank & Trust Company of Kansas City, Mo.  
2401 Grand Avenue  
Kansas City, MO 64108

A general description of the equipment covered by these amendments is:

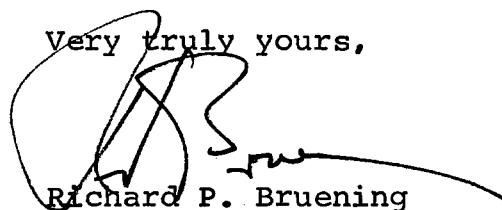
All rolling stock covered by Lease No. 1000, and amendments Nos. 1 through 14, inclusive, previously recorded with the Commission under Recordation Nos. 11873 and 11873-A through 11873-O, inclusive.

The Lease Amendment and Assignment herewith presented for filing are amendments to Lease 1000, and its Assignment previously filed on June 4, 1980 under recordation No. 11873, and the Consent is an amendment to the Consent filed on June 18, 1980 under Recordation No. 11873-A. The last previous amendment to Lease 1000 and its attendant documents was filed on February 26, 1981, under recordation No. 11873-O.

A Kansas City Southern Lines Draft in the amount of \$30.00 is enclosed to cover the filing fee for these three amendment documents.

We request that all copies of the Lease Amendment, Assignment, and Consent not required for your files be marked with the Commission filing stamp and returned to the party tendering same.

Very truly yours,



Richard P. Bruening

RECORDATION NO. 11873-9 Filed 1425

SECURITY AGREEMENT AND ASSIGNMENT  
(Rolling Stock and Other Equipment)

MAY 28 1981 - 12 35 PM

INTERSTATE COMMERCE COMMISSION

LEASE NO. 1000 as amended  
THE KANSAS CITY SOUTHERN RAILWAY COMPANY and  
LESSEE LOUISIANA & ARKANSAS RAILWAY COMPANY

THIS AGREEMENT (hereinafter sometimes called "this Agreement") dated as of May 1, 1981, is between CARLAND, INC., a Delaware corporation (hereinafter called "Company"), 4200 West Eighty-third Street, Prairie Village, Kansas, Missouri 66208, and CITY BANK AND TRUST COMPANY OF KANSAS CITY, a banking corporation organized under the laws of the State of Missouri (hereinafter called "Agent"), having its main banking office at 2401 Grand Avenue, Kansas City, Missouri, acting for itself and as agent for the Banks (the "Banks") parties to the Amendment and Restatement of Revolving Credit and Term Loan Agreement dated as of May 1, 1981, the Company, the Agent (individually and as agent thereunder), The Northern Trust Company and The First National Bank of Shreveport (such agreement, as amended from time to time, hereinafter referred to as the "Loan Agreement");

WHEREAS, the Loan Agreement completely amended and restated the Revolving Credit and Term Loan Agreement dated as of May 22, 1980, between the Company and the Agent;

WHEREAS, the security interests created hereunder are intended as collateral for borrowings under the Loan Agreement as presently amended and restated as well as for previous bor-

rowings from and after May 22, 1980 and continuing until the effective date of the Loan Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. As used herein the following terms shall have the following meanings:

(a) The term "Banks" means City Bank and Trust Company of Kansas City, The First National Bank of Shreveport, and The Northern Trust Company.

(b) The term "Collateral" shall mean all property and rights in which a security interest is granted hereunder.

(c) The term "Equipment" shall mean the equipment owned by the Company and described on Schedule A hereto or described in such Schedule B's to the Leases pertaining to the lease of such Equipment as may from time to time be executed by the Company and the Lessee and delivered by the Company to the Agent pursuant hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of, and additions, improvements, accessories and accumulations to, any and all of such Equipment.

(d) The term "Leases" shall mean the Leases as defined in the Loan Agreement whereunder the Company leases Equipment the purchase of which is financed by loans made by the Banks as contemplated by the Loan Agreement, copies of

which Leases are delivered by the Company to the Agent in connection with such loans. Without limitation of the foregoing, this Agreement has been executed and delivered specifically in connection with the Lease identified at the top of page 1 hereof.

(e) The term "Liabilities" shall mean all obligations of the Company under the Loan Agreement and under each Note and each other instrument (including, without limitation, this Agreement) executed by it pursuant to the Loan Agreement, and all other obligations of the Company to the Agent and the Banks, their successors and assigns, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due.

(f) The term "Note" shall mean any promissory note (including the Term Notes and the Revolving Credit Notes, as defined in the Loan Agreement) of the Company evidencing any loan made by the Banks under the Loan Agreement.

(g) The term "Rental" shall mean, regardless of form and however evidenced, all sums due and to become due Company under the terms of any Lease and shall also mean all accounts receivable arising out of the lease or sale of Equipment.

(h) The term "Default Event" shall mean the occurrence of any of the following events: (a) default by the Company in the due performance or observance of any agreement on its part hereunder and continuance of such default for a period of 30 days after notice thereof by the Agent to the

Company, or (b) any Event of Default as that term is defined in, but in all events subject to the terms and conditions of, Article 7 of the Loan Agreement.

2. Grant of Security Interest. As security for payment of all Liabilities, the Company hereby mortgages, transfers, grants, and assigns to the Agent for its own benefit and for the ratable benefit of all of the Banks (as provided in the Loan Agreement) and grants to the Agent for its benefit and the ratable benefit of the Banks (as provided in the Loan Agreement), a continuing security interest in and to, the following: all right, title and interest whatsoever of the Company in and to the Equipment; all right, title and interest whatsoever of the Company in, to, and under the Leases including (without limitation) all Rental due or to become due in respect of any Equipment; and all proceeds of any of the foregoing.

3. Covenants of Company Respecting Equipment and Lease.

(a) Maintenance of Equipment. The Company will at all times cause all Equipment and every part thereof to be maintained in good condition and repair as required by the terms of the Leases and will, within 45 days after knowledge by an officer or responsible employee of the Company of the occurrence thereof, furnish or cause to be furnished to the Agent a statement respecting any loss or damage to any of the Equipment which has not been corrected within 30 days after the acquiring of such knowledge.

(b) Obligations under Lease. The Company will observe and perform all of its obligations under each Lease.

(c) Legends on Rolling Stock. The Company shall plainly and permanently stencil or cause to be so stencilled a legend on each unit of Equipment which constitutes railway rolling stock, in letters not less than one (1) inch in height indicating the security interest herein created, as follows:

"Subject to a security agreement  
filed with the Interstate Commerce  
Commission."

Company further agrees to cause its Lessees to replace immediately any such stencilling which becomes illegible, wholly or in part.

(d) Risk of Loss-Insurance. The Company will at all times cause such insurance arrangements as are set forth on the schedule attached hereto as Exhibit B to be maintained so long as this Agreement remains in effect.

(e) No Further Encumbrances. Except for any Lease thereof or otherwise as required or permitted by this Agreement or the Loan Agreement or with the prior written consent of the Agent, the Company will not (and warrants that it has not done any of the following) sell, loan, pledge, mortgage, assign or otherwise dispose of, or create or suffer to be created any levies, liens or encumbrances on, any of the Equipment or any interest therein or Lease thereof or any of the Rental, and will from time to time cause to be paid all liens, taxes, assessments and governmental charges lawfully levied,

assessed or imposed upon any of the Equipment or any interest therein or Lease thereof or of any of the Rental; provided, however, that nothing herein contained shall be deemed to require or to have required any lien, tax, assessment, charge, claim or demand to be paid or discharged prior to the due date thereof, and further provided that nothing herein contained shall be deemed to require or to have required any lien, tax, assessment, charge, claim or demand to be paid or discharged so long as the validity thereof is being contested by the Company in good faith by appropriate proceedings if the Company shall have set aside on its books adequate reserves with respect thereto and shall cause the same to be paid prior to the foreclosure of any lien which may have attached as security therefor. Company will give the Agent notice of any attachment or judicial process affecting any of the Equipment, Leases or Rental promptly after the Company acquires knowledge thereof.

4. Right of Inspection. The Agent and/or any of the other Banks shall have at all times the right to enter into and upon any premises where any of the Equipment is located for the purposes of inspecting the same, observing its use or otherwise protecting the Bank's interest therein.

5. Payment of Rental.

(a) General. Until such time as the Agent shall notify the Company of the revocation of such power and authority, the Company will, at its own expense, try to obtain payment, when due and payable, of all Rental, including the taking of such action with respect thereto as the Agent may reasonably

request or, in the absence of such request, as the Company may deem advisable.

(b) Default. Upon the occurrence of an Event of Default under the Loan Agreement (or an event which might mature into an Event of Default thereunder) as provided by, but subject in all events to the terms and conditions of, Article 7 of said Agreement: (1) the Agent may, and upon request of the Agent, the Company shall, notify and direct any lessee or other obligor on any Collateral to make payment to the Agent or to the Company in care of the Agent at such address as the Agent may designate, of all Rental payable under such Lease; the Company will reimburse the Agent and the Banks for all expenses, including (without limitation) reasonable attorneys' fees and legal expenses, incurred by the Agent or any Bank in seeking to collect any Rental or enforce any rights under any Lease; and (ii) the Company will upon request of the Agent forthwith from time to time thereafter upon receipt, transmit and deliver to the Agent, in the form received, all cash, checks, drafts and other instruments for the payment of money (properly endorsed, where required, so that such items may be collected by the Agent) which may be received by the Company at any time as payments on account of any Rental and as proceeds of any Collateral. Until delivery to the Agent, such items will not be commingled by the Company with any of its other funds or property, but will be held separate and apart from such other funds and property and upon trust for the Agent.

(c) Collections. The Agent may endorse the name of the Company on any check, draft or other instrument for the payment of money received by the Agent on account of any Rental or Equipment, or otherwise as proceeds of any Collateral, if it believes such endorsement is necessary or desirable for the purposes of collection.

(d) Indemnification. The Company will indemnify and save harmless the Agent and the Banks from and against all liabilities and expenses, including reasonable attorneys' fees, on account of any adverse claim asserted against the Agent or any Bank to any Rental or other moneys received by the Agent from the lessee under any Lease, and such obligation of the Company shall continue in effect after and notwithstanding the termination of the Loan Agreement, the discharge of the liabilities and the release hereof.

6. Schedule B's. Whenever the Company shall hereafter acquire additional Equipment for lease under a Lease and propose to finance such Equipment and Lease under the Loan Agreement, the Company shall forthwith execute and deliver to the Agent a Schedule B dated the date of such Equipment acquisition, along with the other documentation required by the Loan Agreement, which Schedule B shall state on its face that the Equipment identified thereon and the Lease thereof are subject to the security interest granted by this Agreement.

7. Default. Whenever a Default Event shall be existing, the Agent may exercise any one or more or all, and in any order, of the remedies, hereinafter set forth, it being

expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute;

(a) The Agent may, by notice in writing to the Company, declare the Notes to be forthwith due and payable, whereupon the Notes shall forthwith become due and payable, without presentment, demand, further notice or protest of any kind, all of which are hereby expressly waived by the Company;

(b) The Agent, personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Equipment, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises, of the Company, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate the same until sold; it being understood, without limiting the foregoing, that the Agent may, and is hereby given the right and authority to, keep and store said Equipment, or any part thereof, on the premises of the Company, and that the Agent shall not thereby be deemed to have surrendered, or to have failed to take, possession of such Equipment;

(c) The Agent shall have the rights and remedies of a secured party under the Uniform Commercial Code of Missouri, including without limitation thereto, the right to

sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose the Agent may, so far as the Company can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. The Agent may require the Company to assemble the Collateral and make it available to the Agent at a place to be designated by the Agent which is reasonably convenient to both parties. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Agent will send the Company reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other disposition thereof is to be made;

(d) The Agent may proceed to protect and enforce this Agreement and any Note by suit or suits or proceedings in equity, at law or in pending bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Equipment or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper legal or equitable remedy available under applicable law;

(e) The Agent may proceed to enforce in respect of a Lease and the Equipment covered thereby and the duties, obligations and liabilities of the Lessee thereunder, all

rights, privileges and remedies in said Lease or by applicable law permitted or provided to be exercised by the Company, and may exercise all such rights and remedies either in the name of the Agent or in the name of the Company for the use and benefit of the Agent; or

(f) The Agent may sell the Rentals reserved under a Lease, and all right, title and interest of the Agent as assignee thereof, at public auction to the highest bidder for cash, the Agent to give the Company 10 days' prior written notice of the time and place of holding any such sale, and provided always that the Agent shall also comply with any applicable mandatory legal requirements in connection with such sale.

Any sale or sales pursuant to the provisions hereof or pursuant to any legal proceedings, shall operate to divest the Company of all right, title, interest, claim and demand whatsoever, either at law or in equity, of, in and to the Collateral so sold, and shall be free and clear of any and all rights of redemption by, through or under the Company, the Company hereby agreeing that it will not at any time insist upon or plead, or take the benefit or advantage of or from, any law now or hereafter in force providing for a valuation of appraisement of the Equipment prior to any sale or sales thereof or providing for any right to redeem the Equipment or any part thereof. The receipt by the Agent, or by any person authorized under any judicial proceeding to make any such sale, shall be a sufficient discharge to any purchaser of the Equipment, or of any

part thereof, sold as aforesaid; and no such purchaser shall be bound to see to the application of such purchase money, or be bound to inquire as to authorization, necessity or propriety of any such sale. In the event at any such sale the holder or holders of any Note is or are the successful purchaser or purchasers, such holder or holders of said Note shall be entitled, for the purpose of making settlement or payment, to use and apply said Note by crediting thereon the amount apportionable and applicable thereto out of the net proceeds of such sale.

Any notification required by law of intended disposition by the Agent of any of the Collateral shall be deemed reasonably and properly given if at least 10 days before such disposition. Any proceeds of any disposition by the Agent of any of the Collateral may be applied by the Agent to the payment of expenses in connection with the Collateral, including, without limitation, reasonable attorneys' fees and legal expenses; any balance of such proceeds shall be applied against the Liabilities ratably according to the respective amounts (principal and interest) owing to the Banks first under the Loan Agreement and second, pursuant to other evidences of indebtedness. The Company shall continue to be obligated for all Liabilities remaining unpaid after such application.

8. Power of Attorney. The Agent may from time to time, at its option (and the Company appoints the Agent its true and lawful attorney, irrevocably in connection therewith with full power of substitution) perform any obligation to be performed by the Company hereunder or under the Loan Agreement

or any other instrument executed pursuant thereto which Company shall fail to perform and take any other action which the Agent deems necessary for the maintenance or preservation of any of the Collateral or its security interest in the Collateral. All moneys advanced by the Agent in connection with the foregoing, together with interest at the rate of 10% per annum (or such lower maximum rate as shall be legal under applicable law), shall be repaid by Company to the Agent, upon the latter's demand, and shall be secured hereby, but the making of any such advance by the Agent shall not relieve Company of any default hereunder. As between the Company and the Agent, the Agent's rights hereunder are rights only, and shall not obligate the Agent to act or refrain from acting in any respect whatsoever.

9. Miscellaneous. (a) The Agent does not assume any obligation or liability to any lessee under any Lease, and any such assumption is hereby expressly disclaimed.

(b) Any payment to be made by the Agent to the Company in connection herewith shall be made by crediting such amount to a general deposit account maintained by the Company with the Agent, unless Company otherwise directs.

(c) All written notices, requests and demands to or upon the respective parties hereto shall, except in cases where it is expressly herein provided that such notice, request or demand is not effective until received by the party to whom it is addressed, be deemed to have been given or made when deposited in the mail, postage prepaid, addressed to such party

at its address set forth above, or to such other address as may be hereafter designated in writing by the respective parties hereto.

(d) No failure or delay on the part of the Agent in the exercise of any right or remedy hereunder or under any other instrument or otherwise shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

(e) The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

(f) Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if, for any reason whatsoever, any one or more of the provisions of this Agreement shall be held or deemed to be inoperative, unenforceable or invalid as applied to any particular case or cases in any particular jurisdiction or jurisdictions or in all cases, such circumstance shall not have the effect of rendering such provision inoperative, unenforceable or invalid in any other jurisdiction or in any other case or of rendering any of the provisions of this Agreement inoperative, unenforceable or invalid.

(g) This Agreement shall be a contract made under and governed by the laws of the State of Missouri.

(h) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and, without limiting the foregoing, all rights and powers hereunder or with respect hereto of the Agent or any agent or representative of the Agent, may be exercised by any successor or assignee.

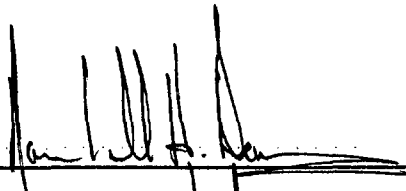
(i) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together constitute but one and the same instrument.

(j) With respect to Equipment consisting of Rolling Stock, Company shall cause this Agreement, the pertinent Lease, and each Schedule B executed and delivered by Company from time to time hereunder to be filed and recorded with the Interstate Commerce Commission pursuant to Section 11303 of the Interstate Commerce Act. With respect to all Equipment, Company shall execute from time to time all filings necessary or appropriate under applicable law in evidence of or for purposes of perfecting the Agent's rights hereunder, including (without limitation) as to applicable law, the Uniform Commercial Code of Missouri.

(k) This Agreement and the rights of the Agent hereunder are assignable by the Agent at any time to a successor Agent appointed pursuant to the Loan Agreement.

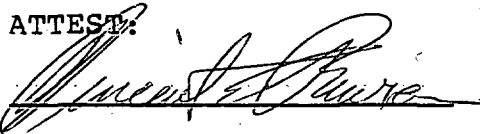
IN WITNESS WHEREOF, this Agreement has been duly  
executed as of the day and year first above written.

The Company  
CARLAND, INC.

By   
Its PRESIDENT

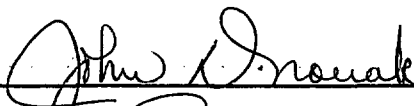
[Corporate Seal]

ATTEST:

  
Secretary

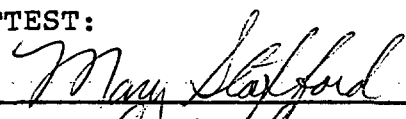
The Agent

CITY BANK AND TRUST COMPANY OF  
KANSAS CITY

By   
Its PRESIDENT

[Corporate Seal]

ATTEST:

  
Its Asst. Secy

STATE OF MISSOURI)

) SS.

On this 27 day of May, 1981, before me personally appeared Marshall A. Dean, to me personally known, who, being duly sworn, says that he is a Vice President of CARLAND, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

My Commission Expires:

Notary Public, State of Missouri

**Commissioned in Jackson County**

**My Commission Expires Aug. 19, 1984.**

STATE OF MISSOURI)

**SS .**

On this 27 day of May, 1981, before me personally appeared John D. Novak, to me personally known, who, being duly sworn, says that he is President of CITY BANK AND TRUST COMPANY OF KANSAS CITY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

ANN GILLHAM

Notary Public, State of Missouri

Commissioned in Jackson County

My Commission Expires Aug. 19, 1984

Notary Public

Schedule A to  
Security Agreement

Description of Equipment:

Exhibit B to  
Security Agreement

Insurance:

Collision, casualty and liability insurance with deductibles of \$1,500,000 to a limit of \$65,250,000, except for licensed rubber tired vehicles, for which liability insurance only shall be carried with a limit per occurrence of \$500,000.